

In the Matter of:)
)
Application for)
Certification for the) Docket No. 00-AFC-2
MOUNTAINVIEW POWER COMPANY'S)
MOUNTAINVIEW POWER PLANT)
_____)

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

Michal C. Moore, Presiding Member

STAFF PRESENT

Garret Shean, Hearing Officer

Melissa Jones, Advisor to Commissioner Moore

Dave Abelson, Staff Counsel

James Reede, Project Manager

Roger Johnson, Siting Program Manager

Rick York

Luis Uresti

Steve Munro

PUBLIC ADVISER

Wanda Yepez

REPRESENTING THE APPLICANT

Emilio E. Varanini, Attorney
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Gary R. Chandler, Director of Project Development
George Hall, Plant Manager
Mountainview Power Company, LLC
Subsidiary of Thermo ECotek Corporation
25770 San Bernardino Avenue
San Bernardino, CA 92408-3154

John Miller
Floyd Gent, Vice President, Asset Management
Thermo ECotek Corporation
Waltham, MA

Zully Gonzales
Translator

INTERVENORS

W. Richard Texier, Legal Assistant
Adams, Broadwell, Joseph & Cardozo
651 Gateway Boulevard, Suite 900
South San Francisco, CA 94080
representing California Unions for Reliable
Energy (CURE)

ALSO PRESENT

Mr. Jessie Powell
Regional Water Board

Richard Malacoff, AICP, Associate Planner
Community Development Department
City of Redlands
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1 P R O C E E D I N G S

2 3:04 p.m.

3 PRESIDING MEMBER MOORE: Good afternoon,
4 my name is Michal Moore; I'm a Commissioner at the
5 California Energy Commission, and I am the
6 Presiding Member of the Site Committee that will
7 be hearing the issue of the Mountainview Power
8 Company's application to construct and operate a
9 new 1056 megawatt power plant at the former
10 Southern California Edison San Bernardino
11 Generating Station site.

12 We're conducting an information hearing
13 today and I have some remarks that I'll need to
14 get on the public record. And, believe me, there
15 will be a public record of this. We have a
16 stenographer who will take notes through this
17 process, and those notes will be available in
18 transcript form at various public points and in
19 the record that we finally use to back up the
20 Presiding Member's Proposed Decision, which will
21 come at the end of the case in approximately a
22 year, depending on the amount of time we take to
23 hear all the evidence.

24 This is what's known as an information
25 hearing. It's really the most informal of the

1 hearings that we have out in the field or in our
2 homebase up in Sacramento. It's a chance for
3 people to ask questions in a less formal setting,
4 a chance for us to go out and see the site. And
5 I'm assured by the applicant's attorney that the
6 landscaping people have been out there and
7 beautified the site, so it's going to be like
8 nothing you've ever seen before. Bucolic and
9 pastoral, I think, are the words that he used to
10 describe it after his visit this morning.

11 The purposes today of the hearing will
12 be to allow the applicant to present the project
13 to us; state what it's going to be all about; show
14 us some of the particulars of it; allow us and all
15 of our staff to explain the relationships that we
16 have once this process starts. And to answer
17 questions and receive comments from the interested
18 public.

19 We have a site visit that's going to
20 follow, and we have a bus, I believe, that will
21 transport folks to the site at 4:30. And then
22 back here again.

23 And we'll reconvene this hearing in the
24 evening to answer additional questions from
25 members of the public who might not have been here

1 earlier at this meeting.

2 We have an issues memo that will be
3 presented by the staff, where the staff can
4 elaborate on the things that they think are
5 significant at this point in the process.

6 There may be other things that you think
7 they've missed, or that we ought to consider
8 during this process. And certainly members of the
9 public are welcome and encouraged to present those
10 to us at the time.

11 Let me begin by just offering up some
12 introductions. As I said, I'm Michal Moore, and I
13 am one of the five Commissioners at the California
14 Energy Commission. And we are assigned in a less
15 formal process up at the Commission in Committees
16 of two.

17 Normally I would be joined by my
18 colleague, Robert Pernell, who is the Second
19 Member on this Committee. But he has other
20 responsibilities today, and cannot be present.

21 On my right is Melissa Jones, who is my
22 Aide in my office in Sacramento. And Garret
23 Shean, my attorney, and the Project Manager, if
24 you will, from the Commission's point of view. He
25 is my alter ego on this case. And in cases where

1 I can't be here or where there are proceedings
2 which are very limited in nature, he will be
3 speaking for me and running the meetings in the
4 future.

5 We have a representative of the Public
6 Adviser, who is here. The Public Adviser, by the
7 way, is a Governor's Appointee. And Yolanda --
8 I'm sorry, I said Yolanda -- Wanda Yepez. I said
9 Yolanda, I apologize. Wanda is the Deputy Public
10 Adviser -- Assistant. I think they're almost the
11 same, synonymous.

12 And her job is to make sure that members
13 of the public have access to our process. And so
14 she tries to get ahead of us down to the area to
15 make sure that people can understand what we're up
16 to; make sure they've got the right documentation;
17 and get information about how things work.

18 So, if you intend to speak at a future
19 meeting, the Public Adviser will make sure that
20 you have copies of the blue cards that she can
21 hold up and show you. With those, we try and have
22 you sign up and give us an indication of what
23 you'd like to speak on, and it helps our
24 stenographer keep a record of what happens at
25 these hearings.

1 We have representatives of the applicant
2 here. And let me just turn to Mr. Varanini to
3 introduce, if I can, the project.

4 MR. VARANINI: Thank you, Commissioner.
5 Mr. Chandler's going to conduct the presentation
6 today, and I think we have other officers of the
7 company present, as well as consultants and
8 others, who can help answer any questions that
9 you, or the staff or interested public may have.

10 PRESIDING MEMBER MOORE: Mr. Chandler,
11 perhaps you'd like to introduce the folks that you
12 brought along with you.

13 MR. CHANDLER: Well, if we're going to
14 do that, let's have just a couple stand. John
15 Miller. John is one of our senior management,
16 senior officers of Thermo ECotek, Waltham --

17 PRESIDING MEMBER MOORE: I'm sorry,
18 what?

19 MR. CHANDLER: Floyd Gent, also from
20 Waltham, Massachusetts. Floyd is Vice President
21 of Asset Management, and really has overall direct
22 responsibility for this project.

23 Let's see, George, where's George.
24 George Hall is our Plant Manager. George is very
25 intimately involved in all of the local

1 development activities.

2 Then we've got about 10 or 15 other
3 people here from our consulting people that are
4 providing support. Would you like them all to be
5 introduced?

6 PRESIDING MEMBER MOORE: I don't think
7 we need to have everyone introduced, but key
8 members of your team will do.

9 MR. CHANDLER: Those are the people that
10 are directly involved in the project. The rest of
11 the support we have that are represented here are
12 those who are consulting people and providing a
13 great deal of support for the development of the
14 project.

15 PRESIDING MEMBER MOORE: Thank you very
16 much. And as I indicated, Mr. Varanini is here,
17 counsel for the applicant.

18 Staff is here. The staff of the
19 California Energy Commission operates as an
20 independent body. They are here to represent the
21 public, if you will, in our deliberations.

22 So, while we operate in a quasi-judicial
23 fashion up here, the staff, in representing the
24 public, tries to present the most impartial and
25 unbiased viewpoint of what the project is all

1 about to give us grounding in our deliberations.

2 And Mr. Reede is heading up the staff.

3 Would you like to introduce the members of your
4 team.

5 MR. REEDE: Good afternoon, ladies and
6 gentlemen. My name is James Reede, and I'm the
7 Siting Project Manager assigned to the
8 Mountainview Power Plant project.

9 To my immediate right is the Senior
10 Staff Counsel for the Commission, Mr. Dave
11 Abelson. I have Luis Uresti, the Project
12 Technician; I have the Siting Program Manager, Mr.
13 Roger Johnson in the back. I have Mr. Rick York,
14 who is our biological resources technical
15 representative. I have Mr. Steve Munro, who is
16 our compliance representative for this particular
17 project. And I believe that's all of us that came
18 down. Thank you.

19 PRESIDING MEMBER MOORE: And you
20 introduced Mr. Abelson? Was I --

21 HEARING OFFICER SHEAN: Yes.

22 MR. REEDE: Yes, Senior Staff Counsel.

23 PRESIDING MEMBER MOORE: Thank you. Are
24 there other agencies, other public agencies who
25 have a representative there that we ought at least

1 note for the record? City and County -- yes, sir.

2 MR. POWELL: Regional Water Board.

3 PRESIDING MEMBER MOORE: Regional Water
4 Board. And your name is?

5 MR. POWELL: Jessie Powell.

6 PRESIDING MEMBER MOORE: Powell, Mr.

7 Powell. Anyone else? Anyone from the County?

8 Yes, sir.

9 MR. MALACOFF: From the City of
10 Redlands, Richard Malacoff.

11 PRESIDING MEMBER MOORE: Could you spell
12 your last name?

13 MR. MALACOFF: M-a-l-a-c-o-f-f.

14 PRESIDING MEMBER MOORE: Thank you.

15 Anyone else? Other public agencies?

16 All right, is there anyone here from a
17 group that plans to intervene in this proceeding?

18 Yes, sir.

19 MR. TEXIER: Richard Texier from CURE.

20 PRESIDING MEMBER MOORE: Could you spell
21 your last name, please?

22 MR. TEXIER: T-e-x-i-e-r.

23 PRESIDING MEMBER MOORE: T-e-x-i-e-r,
24 and you're representing CURE. Are there others
25 who intend to intervene in this matter?

1 Let me just point out, and I know the
2 Public Adviser will have taken care to advise the
3 members of the public about this, the term
4 intervention is often used very casually. We
5 encourage members of the public to come up, ask
6 questions and participate in this.

7 But the act of registering as an
8 intervenor is a serious act, and one which brings
9 with it some serious responsibilities, including
10 the responsibility of serving, legally serving
11 other intervenors every time you make a motion or
12 act to introduce new information in a case.

13 So, before a member of the public
14 decides that the route of intervention is their
15 favorite route, they really should spend a little
16 time with the Public Adviser and understand the
17 advantages or disadvantages that that might
18 confer.

19 Let me review briefly some of the things
20 that are involved in this hearing, and then I'm
21 going to turn it over to my Hearing Officer for
22 some comments, as well.

23 We normally take one year from the start
24 to the finish of these projects to try and
25 conclude an issue, a final proposed decision on

1 the matter, considered by the full Energy
2 Commission.

3 We try and offer opportunities at every
4 phase for public involvement. And we try and make
5 sure that the issues are fairly adjudicated and
6 covered in depth. There's no question that we
7 stress the independence of the staff viewpoint and
8 the independence of the review process, and try
9 and make sure that in the end the record, for
10 everyone's protection, the applicant or the
11 public, is buttoned down as tightly as possible.

12 We use the public hearing process to
13 create a record, and that's why we have a
14 stenographer at each meeting to create a record
15 that could, if necessary, survive a court
16 challenge, and to basically assure the public that
17 we've taken every responsible step to make sure
18 that the matter is brought fairly and in a most
19 unbiased manner possible to the full attention of
20 the Commission, the full Commission.

21 Ultimately those five Members of the
22 Energy Commission will vote on the Presiding
23 Member's Proposed Decision.

24 We have some documents that will be
25 available through this process. The first one is

1 the application for certification, or the AFC,
2 which is available at the local library here, and
3 I believe -- does the County have a copy, James?
4 There are copies at the County and other public
5 agencies, as well?

6 MR. REEDE: Yes, there are copies at
7 four different libraries here in and around San
8 Bernardino, including two branches of the Redlands
9 Library, and two branches of the San Bernardino
10 Library.

11 All the local agencies have been sent
12 copies, such as the County of San Bernardino
13 Department of Public Works, the planning
14 departments of both the City of Redlands and the
15 County of San Bernardino. Various hazardous
16 material responsible agencies, such as the fire
17 departments, and also the local Air Quality
18 Management District, and also the Water Board.

19 PRESIDING MEMBER MOORE: Thank you.
20 Other documents that will be available as they're
21 developed and generated will be the preliminary
22 staff assessment. It will come out, a compendium,
23 comprehensive look at the project, published by
24 the staff. And when revised, will be known as the
25 final staff assessment, or FSA.

1 By the way, in the process here we
2 require everyone who participates in these
3 proceedings to join the NAP, the "no acronyms,
4 please" organization. And so, we'll have a lot of
5 trouble when people start using acronyms regularly
6 without explaining them. And in the document,
7 because we have the wonder of word processors that
8 can repeat. We'll try not to have too many
9 acronyms visible in the document; make it a little
10 easier on the public to absorb it.

11 We'll issue a proposed decision at the
12 end of this process. It will be available in hard
13 copy and electronically on our website.

14 And finally, we'll public the Commission
15 decision after the Commission finally votes on it.
16 There won't be a draft or final EIR on this
17 process because we conduct what we consider to be
18 the moral equivalent of that through this process.

19 The decision that we make will be based,
20 as I said, on the public record, what we hear
21 here. It won't be based on hearsay or what we can
22 read somewhere else. It will have to be stated
23 here in the public forum in order to be considered
24 as a part of the decision.

25 And with that, I will now kind of close

1 the door, and say that we enter a zone where the
2 decision-makers, Mr. Pernell and myself and our
3 staff, our immediate staff, are cloaked under a
4 thing called the ex parte rule.

5 We can't have a conversation with any
6 member of the public regarding this project that's
7 other than a procedural question. Timing,
8 something like that. Or the applicant, or the
9 staff, and that includes our staff. We're now, in
10 a sense, officially divorced from them, except in
11 these hearings.

12 So, it doesn't mean we don't have such
13 meetings, but if they take place, they have got to
14 be entered into the public record reported, a
15 conversation that we might have with someone where
16 an issue is discussed.

17 So, from now on any access to me, my
18 staff or the other Commissioner will have to be
19 done in the form of a public hearing, or through
20 some communication that gets docketed and
21 presented to everyone, the intervenors, the
22 applicant, the staff, at the same time.

23 We're going to encourage, as I said,
24 everyone to participate as much as they choose to
25 in the range of the hearings that we conduct. And

1 we encourage everyone to get on our mailing list
2 so that they can actively be involved and
3 understand what procedures we're undertaking and
4 what information is flowing through us.

5 That will be available on our website,
6 and good and easy to navigate on the website. We
7 encourage you to do that.

8 With that, let me turn to Garret and ask
9 him for his comments.

10 HEARING OFFICER SHEAN: The rest of the
11 proceeding is going to entail a presentation by
12 the applicant, and then by the Commission Staff.
13 If any of the other public agencies that are here
14 wish to make some sort of presentation, we'll take
15 that.

16 And then we will conduct a portion of
17 the hearing that will have members of the public
18 either asking questions, making comments, or
19 telling us of their concerns.

20 At that point we'll be pretty close to
21 4:30, and we'll adjourn for about an hour and a
22 half to go to a site visit. If you want to
23 participate in the site visit, join us at the bus.
24 We will be returning here a little bit before
25 6:00.

1 With that, then, I think we'll go to a
2 presentation by the Associate Public Adviser, who
3 will inform you, and this is generally the people
4 who are here from the public, as to what you need
5 to do to expand your participation in our
6 proceedings.

7 MS. YEPEZ: Good afternoon, everyone.
8 As Commissioner Moore said, my name is Wanda
9 Yepez, and I'm the Associate Public Adviser from
10 the Public Adviser's Office. I'm part of a team
11 that includes Roberta Mendonca, who is the Public
12 Adviser, and Priscilla Ross.

13 Our role at the Public Adviser's Office
14 is to assist the public in understanding the
15 Energy Commission's siting process, and to assist
16 members of the public who want to participate.

17 Our office is in Sacramento. You can
18 reach us by telephone, toll free, (800) 822-6228,
19 or by email at pao@energy.state.ca.us. And those
20 numbers are in the pink sheet over here by the
21 door. So, please pick that up. Also, I have my
22 business cards out there.

23 Members of the public have an absolute
24 right to participate and comment on the
25 Mountainview Power project. The Energy Commission

1 encourages public participation and welcomes all
2 types of community input.

3 Hopefully, many people will want to
4 offer their opinions and comments on this proposed
5 project. These opinions and comments will form an
6 important source of the information as the Energy
7 Commission Staff performs their independent
8 analysis.

9 Let me briefly explain that there are
10 several different kinds of public participation.
11 The opinion comment type of participation is best
12 described as informal participation.

13 On the other hand, some people may want
14 to become more formally involved in the siting
15 case, becoming intervenors.

16 Members of the public or sometimes
17 public agencies may intervene. In the early phase
18 of the siting cases there's not a lot of
19 difference between informal and formal
20 participation.

21 However, when the case reaches the point
22 where the decision-makers, the Committee, are
23 ready to listen to the formal evidence, the
24 difference is much more apparent.

25 In the formal hearing of the evidence,

1 informal participants can comment and offer
2 opinions, but formal participants to the case can
3 present witnesses, offer testimony and cross-
4 examine witnesses.

5 I want to point out that intervenors do
6 have the same responsibilities and share the same
7 benefits as other parties in the case.
8 Intervenors must respond to requests for
9 information, deliver their documents and comments
10 to other parties and be available for cross-
11 examination, themselves.

12 If you want to get more information on
13 how to participate in this siting case, or if you
14 have a question, please give my office a call.

15 There are two further points I'd like to
16 cover. First, again, is the importance of getting
17 on the mailing list. The mailing list will give
18 you notice for any workshops or any hearings that
19 are coming up. You can sign in today, or you can
20 go on the Energy Commission's website and you can
21 type your name in the list server there, and you
22 will be getting email notices. Or you can contact
23 my office or the project manager.

24 And Commissioner Moore already explained
25 the blue cards. If anyone wants to comment today,

1 you know, flag me down and I will give you a blue
2 card. Your questions and comments will be
3 addressed. And, again, that's a way to make sure
4 that everyone gets heard, and that the
5 stenographer gets a record of it.

6 Great, thank you.

7 PRESIDING MEMBER MOORE: At this point
8 let's go to the applicant and ask for your
9 presentation of the project. Welcome.

10 MR. CHANDLER: Commissioner Moore, Mr.
11 Shean, Mr. Reede, members of the CEC Staff and
12 members of the public, we are pleased to present
13 to you our Mountainview Power Plant project
14 expansion. And I'll try to avoid saying the MV or
15 anything like that to confuse us.

16 I would like to introduce one other
17 person that we've invited. Zully, can you stand?
18 I don't know if we have any need out here for
19 anyone that needs the proceeding translated into
20 Spanish, but we've invited Zully Gonzales who can
21 provide that service if --

22 MS. GONZALES: I'll be staying for the
23 second part of the meeting, as well.

24 MR. CHANDLER: Thank you. As many of
25 you are aware, this project will provide for an

1 additional in-excess-of 1000 megawatts to an
2 already existing 132 megawatt facility.

3 We've put together this simulation of
4 what the plant may look like. Having been in the
5 power plant business for many years, I look at
6 this plant and I say it's a very nice looking
7 facility. It will not be a detriment to the
8 community.

9 Certainly the development of a large
10 complex facility like this takes the involvement
11 of many people. And many of those people are here
12 today. I think all of these people are staying
13 during the site visit, so they will be available
14 to answer questions or comment during that time
15 about specific things regarding the site.

16 Let's go on to the next slide. Get our
17 high tech gear in action. Go back a little bit.
18 Okay, there we go.

19 Mountainview Power Company is the owner
20 of this project, and is a wholly owned subsidiary
21 of Thermo ECotek Corporation. Thermo ECotek
22 Corporation is a publicly held company in Waltham,
23 Massachusetts, with the majority ownership being
24 held by Thermo Electron Corporation.

25 Thermo ECotek is in the business of

1 developing and operating independent power
2 projects. Currently has five projects in
3 California, including this project. Two others in
4 New Hampshire, and a couple of projects in Europe.

5 Concurrently with the development of
6 this project, Thermo ECotek is developing a
7 similar project in Florida and some other projects
8 in Europe.

9 The existing 132 megawatt facility was
10 formerly known as the San Bernardino Generating
11 Station. It was constructed by Southern
12 California Edison back in the 1950s. Began
13 operation in 1957 as a baseload unit, at that time
14 burning oil.

15 It was acquired by Mountainview Power
16 Company in 1998 from Southern California Edison.
17 For the past few years that project has been
18 operated as a summer peaking plant only, and we
19 will continue to operate in that manner, at least
20 for this summer and next summer, providing badly
21 needed energy into the southern California market.

22 We think this location is a great
23 location. Of all the projects I've ever seen this
24 is probably one of the best locations that I've
25 seen.

1 As you can see from this slide, and I
2 had a great little pointer, a laser pointer that I
3 just picked up yesterday, but it malfunctioned
4 today, so I can't use that. You'll just have to
5 kind of follow my finger.

6 You can see the plant site there close
7 to the middle -- that's great, thanks, George --
8 is located on the northeast corner of Mountainview
9 Avenue and San Bernardino Avenue, just to the
10 north of Interstate 10 which runs along the south.

11 Bordering the project area on the north
12 is the Santa Ana riverbed, and right in that
13 location where George is pointing, is the City of
14 Redlands water treatment facility. We hope to be
15 able to use some of the reclaimed water from that
16 facility for make-up water for our project.

17 Surrounding the project to the east and
18 the south, kind of go around that -- no, that's
19 west -- not that far. Go a little further in,
20 just show -- there's a lot of open land there.
21 That land is currently being used for agricultural
22 purposes, principally vegetables and orange
23 groves.

24 Then to the west of the project, if you
25 want to go down, that's an area of residential and

1 industrial development with some commercial
2 development further south along Interstate 10 --
3 or further west.

4 And then across the river to the north
5 is the San Bernardino Airport, formerly Norton Air
6 Force Base.

7 The expanded project will be located, or
8 is located at an existing power plant site, which
9 is something we view as a great advantage. It
10 will be a highly efficient, natural-gas fired
11 plant that will consist of two new power blocks.

12 Each of those power blocks will contain
13 two gas turbine generators, two heat recovery
14 steam generators and one steam turbine generator.

15 This kind of facility is known as a
16 combined cycle facility, and is currently the
17 standard in the industry.

18 Fortunate for us, the transmission and
19 distribution systems or facilities are already in
20 place and won't require any expansion of those
21 facilities.

22 During the past year Mountainview Power
23 Company has been working diligently to put
24 together it's application to the California Energy
25 Commission -- I almost said CEC -- to the

1 California Energy Commission, as required under
2 state law.

3 Data adequacy was determined on May 17th
4 which, for the public, means that we can go ahead
5 and start that formal period of approval and
6 review of the project.

7 We anticipate the start of construction
8 on the project in the summer of 2001, with
9 commercial operation of the project in 2003. And
10 that's a fairly aggressive time schedule, but I
11 think for those who are familiar with the
12 California market, we all expect that there will
13 be significant shortages of power during the next
14 couple of years. And the sooner that these kinds
15 of projects are available to provide that power,
16 the better off the residents of southern
17 California will be.

18 This project will incorporate state of
19 the art emission control technology to insure that
20 we meet all federal and state requirements. And
21 also to minimize the environmental impact, use of
22 the most modern and advanced combustion technology
23 will insure that we make the best use of our
24 natural resources. And that natural resource in
25 this case will be only clean-burning natural gas.

1 We, as the developers, of course, are
2 biased regarding this project, but we do believe
3 it provides substantial benefits to southern
4 California.

5 As the area continues to grow the demand
6 for electricity will increase from residences and
7 businesses in the area. And without projects such
8 as this being constructed, that additional demand
9 will not be able to be met.

10 This project uses an existing site with
11 infrastructure already in place. I think one
12 thing that's very significant that we all need to
13 focus on, certainly the Commission is aware of
14 this issue, but as we go forward to meet the
15 demand for additional electricity in southern
16 California, we need to look for sources of
17 electricity that don't require transmission over
18 already constrained transmission facilities.

19 And that is one of the beauties of this
20 project, in that it's located in an area where we
21 will put power into the transmission system in an
22 area where power will also be used.

23 We believe it's very important to keep
24 the public and the residents and all interested
25 parties very informed about the progress we are

1 making on development and construction of this
2 project.

3 To that end we have established
4 telephone information lines in both Spanish and
5 English. Those have been operating for several
6 days. I'm not sure we've had any calls yet. But
7 they are available to take comments, to take
8 questions, and we will respond to those questions.

9 We've also set up a webpage at
10 mountainviewpower.com. That webpage is up and
11 operating. There is an email address on that
12 webpage for those who might want to make comments
13 to us or ask us questions through email.

14 Our intent is to respond as quickly as
15 we can to all requests. We want to be very open
16 about the development of this project, and provide
17 the residents and all interested parties with all
18 the information that they would like.

19 Just as a side light on that, we
20 prepared flyers regarding this informational
21 hearing and site visit. Those were hand-delivered
22 to the residents and businesses in the area
23 surrounding the project, and perhaps some people
24 here today are here as a result of that flyer that
25 was sent out.

1 We appreciate the opportunity to make
2 this brief presentation to you. It is our intent
3 to, as I said earlier, to continue to provide
4 information as required on this project, to make
5 it a very open process which we hope there will be
6 public involvement, public input. And we'd like
7 to hear from some of the public regarding this
8 project.

9 As I also said, we will be available to
10 answer questions on an informal basis at the site
11 visit. And, of course, we're also here for that
12 purpose.

13 Thank you.

14 PRESIDING MEMBER MOORE: Thank you very
15 much.

16 Let me just, before I introduce the
17 staff, again let me just point out to the public
18 that there is nothing that is a foregone
19 conclusion about this. And that's one reason why
20 the applicant is taking the steps that they are to
21 conduct such an open and accessible public
22 process.

23 Our decision on this, my proposed
24 decision at the end, which is the way it will be
25 published, is not foregone at this point at all.

1 Should we decide that the project should be
2 approved, and needs mitigation measures, then they
3 will be enumerated at some length in the proposed
4 decision that's issued. The project won't be able
5 to proceed without complying with those.

6 Should the project be denied, it would
7 be denied for reasons that would be enumerated
8 just as clearly, and for reasons that would have
9 to be supported by public interest or a concern
10 for public health and safety.

11 So, again there's no foregone
12 conclusions in any part of this. We're here with
13 an open mind and so is the staff. The applicant
14 is regarded as an earnest and forthright
15 participant in this. And we look forward to
16 getting their information and processing it in as
17 timely a way as we possibly can.

18 Mr. Reede, the floor is yours.

19 MR. REEDE: Just one second.

20 PRESIDING MEMBER MOORE: As soon as your
21 machine is -- this is the reason that the Justice
22 Department has Microsoft in their crosshairs.

23 (Laughter.)

24 PRESIDING MEMBER MOORE: One localized
25 reason, but -- that is, unless you're using a

1 MacIntosh machine, which I guess --

2 (Laughter.)

3 MR. REEDE: One question before I get
4 started, --

5 PRESIDING MEMBER MOORE: Yes, sir.

6 MR. REEDE: -- Commissioner Moore.

7 Would you like me to continue through the initial
8 presentation to the issues identification report?

9 PRESIDING MEMBER MOORE: Might as well.
10 You have the floor and probably would be just as
11 efficient that way.

12 HEARING OFFICER SHEAN: Understanding
13 that we need to do yours and get some comments
14 from the public and then depart at 4:30.

15 MR. REEDE: I'll be completed within the
16 next ten minutes at the most.

17 Good afternoon, ladies and gentlemen.

18 My name is James Reede, and I'm the Siting Project
19 Manager for the Mountainview Power Plant project.

20 Now, the purpose of the siting process
21 is to insure that the State of California has a
22 reliable source of electrical energy, and that
23 it's maintained at a level consistent with the
24 need for such energy, for protection of public
25 health, safety, and for the promotion of general

1 welfare and environmental quality of life here in
2 California.

3 Now, the AFC proceedings, there's a
4 number of different relationships. At the top of
5 this particular chart you have our five-Member
6 Commission, of which two Members form the Project
7 Siting Committee. Commissioner Moore is the
8 Chairman and Presiding Member; Commissioner
9 Pernell is the Associate Member. You also have
10 the Hearing Officer, which is Mr. Garret Shean.

11 Coming down to the lower levels, so to
12 speak, and I don't mean that the applicant is at
13 the lower level because they're on the same level
14 with us. You have Mountainview Power Company, a
15 limited liability corporation, and its Project
16 Manager, Mr. Gary Chandler. The various state,
17 local and federal agencies.

18 And then you have the Energy Commission
19 Staff. And one of the things that I need to
20 emphasize to all of you is that the Energy
21 Commission Staff that will be performing the
22 analysis is neutral. We're independent of the
23 applicant; we're independent of the Committee. We
24 perform an analysis based on neutrality.

25 And then we have our intervenors and our

1 public. And you've already heard from the Public
2 Adviser.

3 Now, the Energy Commission siting
4 process, we are the permitting authority for any
5 thermal power plant in excess of 50 megawatts.
6 And all the related facilities, such as the
7 transmission lines. In the case of the
8 Mountainview Power Plant and project, they will
9 not be adding any new transmission lines. They
10 will be reconfiguring part of the substation.

11 The water supply systems, such as the
12 recycled water coming from the Redlands wastewater
13 treatment plant. The natural gas pipeline; it's
14 approximately 17 miles of pipeline that will go
15 through a number of different cities here locally
16 to be able to supply gas for this plant.

17 The waste disposal facilities. How is
18 this waste going to be disposed? Where it's going
19 to connect up to. What will be the quality of
20 that waste? And the access roads.

21 And we're also in charge of coordinating
22 with all the federal, state and local agencies.
23 We are the lead state agency for the California
24 Environmental Quality Act.

25 Now, it requires a lot of close

1 coordination. We'll be working with the City of
2 Redlands; San Bernardino County Departments of
3 Sanitation, Fire, Public Works and Planning; the
4 South Coast Air Quality Management District.

5 And various state agencies. The
6 Department of Fish and Game; Caltrans; the Air
7 Resources Board; and the Regional Water Quality
8 Control Board, which I believe we have a
9 representative here today.

10 We'll also be working with various
11 federal agencies such as the Environmental
12 Protection Agency and the U.S. Fish and Wildlife
13 Service.

14 Now we're currently in the project
15 evaluation process. We will perform a full review
16 of all environmental impacts or potential
17 environmental impacts. We will also perform the
18 engineering analysis of the various systems that
19 are being proposed be put at this plant site.

20 We will perform a review of compliance
21 with the various legal requirements. In other
22 words, the federal laws and the state laws that
23 apply to environmental protection.

24 And we'll also be holding public
25 workshops and numerous hearings. Because as not

1 only Commissioner Moore, but also the Public
2 Adviser stated, this is a full and open process.

3 And we will be documenting the results
4 of that information, such as in our preliminary
5 staff assessment, our final staff assessment. And
6 then eventually the Presiding Member's Proposed
7 Decision. There will be workshops and hearings
8 associated with that. And finally, a Commission
9 decision.

10 Now, the siting process takes
11 approximately one year. If you notice, on the
12 second line you see data adequacy. Well, that
13 step has been completed. And what data adequacy
14 was, we looked at their application for
15 certification to insure that it had enough
16 information in it to be able to begin the analysis
17 process.

18 Well, the Commission decided on May 17th
19 of this year that there was enough information to
20 enable us to begin to move forward to perform our
21 analysis. So now, May 17th was ground zero. That
22 was the first day when discovery started.

23 We're having our information hearing and
24 our site visit is shown on line three. The data
25 requests are being generated by the technical

1 staff. I have at my access 22 different technical
2 staff disciplines available to perform analysis in
3 that many different areas.

4 In approximately 120 days after they
5 have submitted their responses to the data
6 requests we'll be holding workshops. We'll be
7 issuing our preliminary staff assessment. And
8 having our prehearing conferences and our final
9 staff assessment will be in that timeframe between
10 120 and 220 days.

11 Committee hearings will then be held,
12 and that will be another opportunity to submit the
13 testimony and provide evidence.

14 Finally, at approximately day 300 we
15 have our draft proposed decision from the
16 Presiding Member. There's a public comment
17 period. And then eventually a Commission decision
18 between that 300 and 365 days.

19 After 365 days, if the plant is
20 approved, if it is certified, it will be turned
21 over from my area, the Siting Division, to the
22 Compliance Division.

23 At that point in time they're ready to
24 begin construction. And they will have to comply
25 with a number of different conditions. There may

1 be mitigation to environmental matters. They will
2 monitor the operations, and they will also insure
3 closure at the end of the useful life of the
4 plant.

5 Now, during this siting process, as I
6 said, it is a fully open public process. We will
7 be holding workshops and hearings. We will be
8 sending notices 10 to 15 days in advance. And if
9 you're on our mailing list you will be getting the
10 information.

11 Where you can obtain the documents, as I
12 said earlier, at the public libraries in both San
13 Bernardino and the City of Redlands. You can also
14 find out any information that's going on on the
15 Energy Commission's website at [www.energy.ca.gov/](http://www.energy.ca.gov/sitingcases/mountainview)
16 [sitingcases/mountainview](http://www.energy.ca.gov/sitingcases/mountainview).

17 Or you can get information from the
18 docket unit at the Energy Commission, and the
19 address is listed.

20 I believe there's handouts of this
21 presentation for anyone that wants them.

22 Now, your contacts at the Energy
23 Commission, I'm your primary contact, up at the
24 top, the project manager. You have my email
25 address, my telephone number, and the webpage

1 where you can find additional information.

2 The Commission Hearings Office, which is
3 Mr. Garret Shean. You can contact him at the
4 phone number. And Roberta Mendonca, the Public
5 Adviser, her phone numbers and email address are
6 listed.

7 Are there any questions about the siting
8 process before I move into the issues
9 identification report, of which there are a number
10 of copies, and I don't think many people got them.

11 The purpose of the issues identification
12 report is to inform the Committee and all
13 interested parties of the potential issues that
14 have been identified by staff in the case thus
15 far.

16 Now, these issues have been identified
17 as a result of our discussions with various
18 federal, state and local agencies, including U.S.
19 Fish and Wildlife Service, Air Quality Management
20 District, and the Water Board.

21 Now, the report that you have just been
22 handed contains a project description which I'm
23 not going to read over, since the applicant kindly
24 saved me from speaking more than I needed to. And
25 it contains the major issues.

1 Now, in that report there's a discussion
2 of the potential issues that Energy Commission
3 Staff has identified to date. The Committee
4 should be aware that this report might not include
5 all of the significant issues that may arise
6 during the case. Discovery is not yet complete.
7 We are just now drafting our data requests. And
8 other parties have not had an opportunity to
9 identify potential issues that address their
10 concerns.

11 The identification of the potential
12 issues contained in this report is based on our
13 judgment of whether any of the following
14 circumstances will occur. That there are
15 potential significant impacts which may be
16 difficult to mitigate; potential areas of
17 noncompliance with applicable laws, ordinances,
18 regulations and standards. Areas of conflict or
19 potential conflict between the parties. Or areas
20 where resolution might be difficult or may affect
21 the schedule.

22 Now, the table that you're looking at
23 right now lists all of the subject areas that
24 we've evaluated, and notice those areas that are
25 bolded where critical or significant issues have

1 been identified.

2 Even though an area is currently
3 identified as not having potential significant
4 issues at this time, it does not mean that the
5 issue will not arise related to subject area.

6 For example, disagreements regarding the
7 appropriate conditions of certification may arise
8 between staff and the applicant that will require
9 discussion in workshops or even subsequent
10 hearings.

11 However, we do not currently believe
12 that such an issue will have an impact on the case
13 scheduled, or that the resolution will be
14 difficult to achieve.

15 As you see, there are three areas that I
16 will be addressing: Air quality, land use and
17 water resources. And this report does not limit
18 the scope of staff's analysis throughout the
19 proceeding, but acts to aid in the analysis of
20 potentially significant issues that the
21 Mountainview Power Plant proposal poses.

22 The following discussion, I will attempt
23 to summarize each potential issue identifying the
24 parties needed to resolve the issues. And where
25 applicable, suggest the process for achieving

1 resolution.

2 At this particular time staff does not
3 see either or any of these issues, potential
4 issues as non-resolvable.

5 And the first area is air quality. We
6 see two major air quality issues that can affect
7 the Mountainview Power Plant project schedule.
8 First is complete securing an appropriate
9 verification and analysis of all necessary
10 emission reduction credits.

11 Second is a determination of the best
12 available control technology for the project.

13 Both issues could result in significant
14 project delays if not addressed immediately. It
15 is especially critical to the resolution of these
16 issues that the applicant provide staff with
17 sufficient detailed information to complete our
18 analysis.

19 The first air quality issue is emission
20 reduction credits. Now, the applicant has
21 proposed a number of innovative approaches to
22 secure emission reduction credits for the project.
23 However, due to the highly competitive nature of
24 the emission reduction credits market, this
25 information has been submitted confidentially.

1 Since these sources and approaches are
2 confidential, it would be difficult for staff to
3 independently research and verify these potential
4 emission reduction credits.

5 Additionally, in order for the South
6 Coast Air Quality Management District to complete
7 its analysis to issue a preliminary determination
8 of compliance, the applicant needs to expedite the
9 exploration of these confidential emission
10 reduction credits sources, and provide staff with
11 more extensive information, either confidential or
12 non-confidential, as it becomes available.

13 Now, a portion of the necessary emission
14 reduction credits for the Mountainview Power Plant
15 remains inadequately identified. It is staff's
16 experience that this issue can be a significant
17 cause of delay. In order to minimize the
18 potential impact of this issue, the applicant
19 needs to expedite the identification and
20 acquisition of suitable emission reduction
21 credits.

22 The second air quality issue is best
23 available control technology for the combustion
24 turbines. The applicant provided in the
25 application for certification a best available

1 control technology analysis.

2 However, that analysis provides only an
3 evaluation of regulatory documents on selective
4 catalytic reduction, or SCR technology. Based on
5 the comments of similar electrical generation
6 projects, the U.S. Environmental Protection Agency
7 will likely require that the applicant prepare a
8 detailed economic feasibility study in addition to
9 the regulatory evaluation provided, and consider
10 alternatives technologies such as SCONox.

11 In addition, no discussion of the
12 ammonia slip levels from the proposed NOx control
13 technologies was provided. Staff will be working
14 with the Air District, applicant and the EPA
15 during the discovery and analysis process to
16 resolve these issues.

17 The next major area of concern is land
18 use. The applicant has proposed to construct the
19 plant at a site currently under the jurisdiction
20 of the County of San Bernardino. The site is
21 currently planned to be annexed by the City of
22 Redlands.

23 The laws, ordinances, regulations and
24 statutes of the County do not allow the proposed
25 stack height, exhaust stack height, absent a

1 variance. The City of Redlands is attempting to
2 annex the site, and its laws, ordinances,
3 regulations and statutes allow such height.

4 While City Planning estimates that the
5 process will be completed in late September, the
6 timing and potential for delay of that annexation
7 may delay the completion of staff's land use
8 analysis.

9 The next major issue was water
10 resources. As proposed, Mountainview Power Plant
11 will require up to 7500 acrefeet of water per
12 year. Approximately 96 percent of this water will
13 be used for cooling purposes.

14 The applicant has proposed to use high
15 quality groundwater to supply the water needs of
16 the power plant. As an alternative to that, is
17 considering the use of recycled water for a
18 portion of the cooling tower make-up.

19 Staff believes that this is a
20 potentially significant issue and we'll be
21 evaluating potential impacts associated with
22 pumping this large volume of groundwater.

23 These potential impacts include
24 interference with neighboring wells; subsidence;
25 and inducing the movement of a contaminated

1 groundwater from the Grafton-Redlands and Norton
2 trichlorethene plumes, and the perchlorate plume
3 into noncontaminated portions of the aquifer.

4 Given the possibility that these
5 potential impacts could be significant, the
6 applicant needs to evaluate alternative cooling
7 technologies such as dry or wet-dry cooling, and
8 alternative sources of cooling water.

9 In addition, staff will be evaluating
10 opportunities for water conservation to reduce
11 water project use for project water demand and
12 discharge. Staff will be working with the local
13 water districts, applicant and other water
14 regulatory agencies to address these issues.

15 And the final issue is scheduling.
16 Timely provision of the emission reduction credits
17 is critical to the schedule of this project.
18 These must be provided by August 12, 2000, to
19 allow the South Coast Air Quality Management
20 District time to prepare their preliminary
21 determination of compliance.

22 Resolution of the water issues may also
23 severely impact the schedule.

24 The Energy Commission is currently
25 reviewing 13 applications for certification for

1 power plant projects, SPPE, small power plant
2 exemption, and expects to receive another
3 application for certification within the next two
4 months. Staff is experiencing a significant
5 staffing workload problem. Has recently hired a
6 consultant team to help with the peak workload.

7 In light of the issues and the workload,
8 staff believes that it will be challenging to meet
9 a 12-month schedule. And staff's proposed
10 schedule is attached for your reference.

11 That concludes my testimony.

12 PRESIDING MEMBER MOORE: Thank you very
13 much, Mr. Reede. And if there are members of the
14 public here while Mr. Reede has the floor who
15 would like to ask questions of staff, he's
16 available to answer those in this informal
17 setting. Anyone here who would like to know a bit
18 more of how we operate, or receive information?

19 All right. Now, the members of the
20 staff will be along on the field trip, so there
21 will be easy access to be able to ask those
22 questions out on the trip.

23 We only have one intervenor that's
24 registered at this point, and that's CURE. Do you
25 want to make any remarks for the record, issues

1 that you're concerned about at this time?

2 Anyone in the public who would like to
3 ask us a question just generally about our
4 process, or what our intentions are?

5 All right. The bus is scheduled at
6 4:30. We'll then, as rarely happens in school,
7 we'll go on a time-out for 30 minutes, and convene
8 here just outside for the bus.

9 Good, thanks, we're off the record.

10 (Whereupon, at 4:00 p.m, the hearing was
11 adjourned, to reconvene at 6:00 p.m.,
12 this same day.)

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1 EVENING SESSION

2 6:04 p.m.

3 PRESIDING MEMBER MOORE: We're back on
4 the record. For the record, we have been on a
5 site tour with the applicant and the applicant's
6 representatives, and staff, interested members of
7 the public.

8 And I would like to take this
9 opportunity to extend my thanks for the
10 hospitality that was extended to us by the
11 applicant. It was very gracious and we appreciate
12 it very much. You went to great lengths to
13 accommodate us and it is noted.

14 Let me ask, for the record, if there is
15 anyone in the public who's here who is new since
16 we convened the meeting this afternoon at 3:00?
17 There's no one responding. And let me ask your
18 name. Okay. Well, then let me ask if you have
19 any questions?

20 Is there anyone here who still has now,
21 especially after looking at the site, have any
22 questions that they'd like the applicant or staff
23 to answer about our procedures or the proposed
24 project or our intentions in running the hearings?

25 Okay, we're pretty accessible. I've got

1 to say we're transparent and accessible as far as
2 all of our information flows go. We make
3 everything available to those who wish to have it.

4 We have a couple of housekeeping items,
5 Mr. Shean.

6 HEARING OFFICER SHEAN: Okay. As we did
7 in the proceeding yesterday, let me announce that
8 our intention is to conduct an electronic filing
9 pilot project in this proceeding, to save the
10 time, resources, et cetera, of the Commission, the
11 applicant and public agencies involved, as well as
12 the members of the public who wish to participate.

13 We have a survey here which I handed out
14 at the break to the people that I knew were
15 currently intervening. If it's your intention to
16 intervene, or at some point it's appropriate for
17 you to get it, please let me know.

18 Item number two is another thing similar
19 to what we did yesterday in a different
20 proceeding. And that is the reformatted project
21 description. Mr. Varanini, I think, is aware of
22 it, in the sense that we discussed it yesterday.

23 Something that we'd like the applicant
24 to begin to work on so that we could use it in the
25 conventional analytic work and decision-writing.

1 So that's the request of the Committee.

2 PRESIDING MEMBER MOORE: Let me just ask
3 the applicant if they have anything else that
4 you'd like to add for the record as we close this
5 out?

6 MR. CHANDLER: We don't have anything.

7 PRESIDING MEMBER MOORE: Staff?

8 MR. REEDE: No additional questions or
9 information.

10 PRESIDING MEMBER MOORE: And once again,
11 is there anyone from the public who would like to
12 ask us a question about the way we intend to
13 conduct this hearing or questions to the applicant
14 about the project?

15 All right, seeing none, then once again
16 I extend my thanks for the hospitality that's been
17 afforded us. And this meeting is adjourned.

18 Thank you.

19 (Whereupon, at 6:07 p.m., the hearing
20 was adjourned.)

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CERTIFICATE OF REPORTER

I, VALORIE PHILLIPS, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Hearing; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of June, 2000.

VALORIE PHILLIPS

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